

82 8074485

SCO

PAGE 001

NC 8074485

TOR: 242210Z FEB 82

00 RUEAIIIB

ZNY CCCCC ZOC STATE ZZH

UTS1414

00 RUEHC

DE RUESPR #1047 0552120

ZNY CCCCC ZZH

O 242119Z FEB 82

FM AMEMBASSY PORT AU PRINCE

TO SECSTATE WASHDC IMMEDIATE 3422

BT

C O N F I D E N T I A L PORT AU PRINCE 1047

E.O. 12065: GDS 2/24/88 (PREEG, ERNEST H) OR-M

TAGS: ECIN, ECON, EFIN EAID HA US

SUBJECT: FONMIN REACTION TO PRESIDENTIAL ANNOUNCEMENT OF CBI

REFS: A. STATE 45824

B. STATE 48525

1. C-ENTIRE TEXT.

2. I HAD A TWO HOUR MEETING WITH FONMIN ESTIME EARLY FEBRUARY 24 TO BRIEF HIM ON THE SUBSTANCE OF THE CBI ANNOUNCEMENT. CONTAINED REF A, AND SUPPLEMENTED BY VERY HELPFUL COMMENT WITH RESPECT TO POTENTIAL AID FOR HAITI CONTAINED REF B.

3. ESTIME SHOWED GREAT INTEREST IN ALL ASPECTS OF THE PROPOSAL AS WELL AS A DETAILED KNOWLEDGE OF MOST ELEMENTS BASED ON HIS PREVIOUS EXPERIENCE AS UNDER SECRETARY OF FINANCE. HE PRAISED ALL ASPECTS OF THE TRADE AND INVESTMENT PROPOSALS AS HIGHLY POSITIVE IN ASSISTING HAITIAN DEVELOPMENT. WITH RESPECT TO MEASURES TO EXPAND CREDIT TO THE PRIVATE SECTOR, HE

CONFIDENTIAL

State Dept. review completed

CONFIDENTIAL

STATE

82 8074485 SCO

PAGE 002

NC 8074485

TOR: 242210Z FEB 82

WAS PARTICULARLY PROBING AS TO HOW HAITI MIGHT BECOME ELIGIBLE FOR EXIM FINANCING AFTER THESE MANY YEARS CLASSIFIED AS INELIGIBLE. I RESPONDED THAT, BASED ON THE DISCUSSION BETWEEN HAITIAN MINISTERS AND THE PRESIDENT OF EXIM LAST NOVEMBER, AS WELL AS THE CONTENT OF THE CBI, THE GOH MIGHT WISH TO RAISE THIS AT A HIGH LEVEL WITH THE EXIM SOON AFTER A NEW IMF ACCORD IS REACHED AND HAITI HAS ESTABLISHED A MORE SOLID CREDIT POSITION.

4. ESTIME, AS EXPECTED, WISHED TO DISCUSS THE AID ASPECTS IN GREATEST DETAIL, AND IN PARTICULAR HOW HAITI MIGHT QUALIFY. HE APPRECIATED THE SUPPLEMENTAL EXPLANATION WITH RESPECT TO NEW PROGRAMS IN THE AGRICULTURAL SECTOR WHOSE PROSPECTS WOULD BE ENHANCED IF CONGRESS APPROVES THE CBI PROPOSAL. AT THE SAME TIME, HE NOTED THAT THE EXPLANATION GIVEN IN REF A WITH RESPECT TO THE \$350 MILLION SUPPLEMENTAL, IN TERMS OF ASSISTANCE THROUGH THE BANKING SYSTEM TO FINANCE ESSENTIAL IMPORTS FOR THE PRIVATE SECTOR, WAS PRECISELY WHAT IS NOW NEEDED IN HAITI DURING THIS PERIOD OF FINANCIAL CRISIS AND DOLLAR SHORTAGE. I RESPONDED THAT I HAD NO FURTHER DETAILS TO GIVE HIM AT THIS STAGE, BUT THAT ONCE AN IMF ACCORD IS REACHED HERE, WE COULD PROBABLY BECOME MORE SPECIFIC AS TO HOW HAITI COULD BENEFIT WITH RESPECT TO INCREASED FOREIGN ASSISTANCE.

5. ESTIME THEN ASKED WHETHER THE GOH WOULD HAVE AN EARLY OPPORTUNITY TO CONSULT WITH OFFICIALS FROM WASHINGTON ABOUT THE VARIOUS ASPECTS OF THE CBI. I RESPONDED THAT I EXPECTED THERE WOULD BE SUCH AN OPPORTUNITY AND THAT I WOULD RECOMMEND A VISIT AT THE EARLIEST OPPORTUNITY. IN CLOSING, ESTIME ASKED WHAT KIND OF STATEMENT BY THE GOH WOULD BE USEFUL IN RESPONSE TO THE ANNOUNCEMENT. I SAID THAT A POSITIVE AND HIGH LEVEL STATEMENT AS TO HOW THE INITIATIVE WOULD BE HELPFUL TO HAITIAN DEVELOPMENT WOULD BE APPRECIATED AND WOULD HELP US IN PRESENTING THE PROPOSALS TO THE CONGRESS.

6. I LATER PRESENTED THE SAME MATERIAL TO FINMIN BAZIN WHO WAS MOST APPRECIATIVE AND POSITIVE ABOUT ALL ASPECTS OF THE INITIATIVE. HE ALSO RECOUNTED A NUMBER OF ACTIONS THAT WILL BE TAKEN OVER THE NEXT FEW DAYS TO STRENGTHEN FISCAL

CONFIDENTIAL

CONFIDENTIAL

STATE

82 8074485 SCO

PAGE 003

NC 8074485

TOR: 242210Z FEB 82

PERFORMANCE AND SAID THAT AN IMF TEAM IS NOW SCHEDULED TO ARRIVE MARCH 5 WITH THE POSSIBILITY THAT THEY WILL STAY ON TO NEGOTIATE A NEW AGREEMENT (DETAILS BY SEPTEL.

7. COMMENT: THE CBI IS A TRULY BOLD AND COMPREHENSIVE PROPOSAL WHICH CAN MAKE A DECISIVE DIFFERENCE IN LAUNCHING HAITI ON A PROSPEROUS DEVELOPMENT PATH. IT IS ESPECIALLY TIMELY IN VIEW OF THE APPOINTMENT OF THE NEW HAITIAN ECONOMIC TEAM AND THE EXCELLENT PROSPECT FOR EARLY AGREEMENT WITH THE IMF. IT IS LIKEWISE IMPORTANT THAT WE CONTINUE THE MOMENTUM OF OUR SUPPORT FOR FISCAL REFORM HERE DURING THE CRITICAL COMING WEEKS. I THEREFORE RECOMMEND THAT A HIGH LEVEL REPRESENTATIVE FROM WASHINGTON VISIT HAITI BOTH TO EXPLAIN THE ELEMENTS OF THE INITIATIVE AND TO GIVE VISIBLE EVIDENCE OF OUR SUPPORT OF CURRENT GOH EFFORTS. IF AT ALL POSSIBLE, EVEN A VERY BRIEF VISIT BY ASSISTANT SECRETARY ENDERS WOULD, I FEEL, BE GREATLY APPRECIATED BY PRESIDENT DUVALIER AND KEY MEMBERS OF THE GOVERNMENT. PREG

END OF MESSAGE

CONFIDENTIAL